

Capital & Interest Repayment Loan

This is a straightforward mortgage. Your monthly repayments cover both the interest and part of the original amount you have borrowed (the capital).

You agree the length of time over which you borrow the money with the lending bank or building society. The shorter the period the higher your monthly repayments will be, but, of course, the sooner it will be repaid in full.

This type of loan is available to homeowners who are aged 60 years or over. If the property is in the name of more than one person, a joint application should be made by all the owners.

We hope that these questions and answers may help you understand more about this type of loan.

Q1. How much can be borrowed?

The amount you can borrow depends on your age, income and the value of your home. Usually this ranges from £3,000 up to 55% of the current value of your property. The lender will need to be sure that you have sufficient monthly income to meet the capital and interest repayments you will have to make, and still have enough to cover your day to day living expenses.

Q2. What can the money be spent on?

The Home Improvement Trust helps facilitate funding to carry out repairs, improvements or adaptations to your home. Lenders may be willing to make loans for purposes other than property repairs.

The Trust also manages the national Houseproud Scheme working in partnership with local authorities across England, Wales and Scotland, providing a safe, easy way to get those essential jobs done professionally and with the minimum of fuss. They, together with local Home Improvement Agencies (HIAs), can advise on and inspect the work that needs to be done.

Q3. Is security required?

Yes - the amount of the loan and interest will be secured by a first Legal Charge on your property.

Q4. Are medical checks needed before taking out a loan?

No evidence of your state of health is required if you are aged 60 or over.

Q5. When does the loan and interest have to be repaid?

You and the lender will agree the length of time over which you borrow the money. As can be seen from the table overleaf, the shorter the period that your loan lasts, the higher your monthly repayments will be, but of course the sooner it will be repaid in full. You can repay the whole loan and any interest due at anytime with no extra charges, except in the first year when there would be a charge of 2% of the original loan.

Q6. How much will it cost?

This will depend on how much you borrow, over how long and the interest rates the lender is charging at any given time. We have shown in the table overleaf an illustration of the monthly repayment cost of various amounts borrowed over different lengths of time. Prior to completing the mortgage application, you will be provided, at no cost to you, with a detailed **Keyfacts Illustration** by the Lender in accordance with the requirements of the Financial Services Authority.

As an example we have used an interest rate of 4.99% per year (APR 5.2%) - these rates may vary between lenders and over time may go up or down.

Length Of Term	Capital Borrowed (Monthly repayments include capital and interest)			
	£3,000	£4,000	£5,000	£10,000
5 Years	£57.75	£77.00	£96.25	£192.50
10 Years	£32.40	£43.20	£54.00	£108.00
15 Years	£24.09	£32.12	£40.15	£80.30
20 Years	£20.07	£26.76	£33.45	£66.90

Q7. What is the rate of interest chargeable on the loan?

The mortgage interest rate will vary over time. The Formal Offer will confirm the actual rate applicable when you take out the loan. You will be notified by the lender when the interest rate varies.

Q8. Are there any other costs involved?

Yes - there will be specially negotiated and affordable costs to cover legal and administration fees, itemised separately in the formal **Keyfacts Illustration**. If you use your local authority, perhaps through their Home Improvement Agency, to manage the job for you, this may incur a fee. These costs can be included in the loan, so you do not have to use any savings. For any loan your property must be fully covered by buildings insurance. If the insurance is not arranged by the lender they may make a one off charge of £30.

A variety of loan options is available, not only are they affordable and tailored to meet the needs of older people, but they all carry **Guarantees of No Repossession and No Negative Equity** subject to the applicant or joint applicants being aged 60 or over and the percentage of loan to the value of the property.

The aim of the Home Improvement Trust - a not for profit company, is to help older people to remain safely and independently in their own homes, helping to prevent poor health and reducing the need for residential care.

For further information on other loan options, the Home Improvement Trust, the Houseproud Scheme or your local Home Improvement Agency please ring our:

Freephone Helpline: 0800 783 7569 or **Email: info@houseproud.org.uk**

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If your home ceases to be your principal residence, then your home may be repossessed if you do not keep up repayments on your mortgage.